

Statement by the Minister

Statement of the Hon'ble Finance Minister in the Legislature regarding the Second Report of the Ninth Finance Commission.

MR. SPEAKER.—Hon. Finance Minister to make a statement.

SRI M. RAJASHEKARA MURTHY.—Sri, I wish to make a statement on the Second Report of the Ninth Finance Commission.

Statement of the Finance Minister on the Second report of ninth Finance Commission

Hon'ble Members may kindly recall that while presenting the budget for 1990-91, I had made a brief mention of the recommendations made by the Ninth Finance Commission (N. F. C.) in its second report pertaining to the period 1990-95 and had said that I would keep the Hon'ble Members informed of the position after the report had been studied in detail.

2. We have since received the report of the Ninth Finance Commission. A summary of the important recommendations and observations of the N. F. C. is placed at Annexe-I of the statement. The explanatory memorandum submitted to Parliament by the Government of India regarding the action taken on the recommendations made by N. F. C. is placed at Annexe-II. It will be seen that most of the recommendations of the Commission have been accepted by the Government of India.

3. The N. F. C.'s recommendations constitute an important change in the pattern of federal transfers. The previous Finance Commissions while stipulating the norms for non-tax revenues and expenditure heavily relied on the historical trends or assumed growth rates in respect of tax revenues. In this process the levels of relative under-taxation and overtaxation by different states were not taken into account. The Finance Commissions in the past confined themselves to non-plan expenditure. The Ninth Finance Commission has on the otherhand adopted a normative approach regarding (a) the assessment of the resources of the State Governments on the basis of normative estimates of revenues and expenditures and (b) the inclusion of the revenue expenditure component of the plan and its financing within its scope. The methodology followed by the Commission has generated considerable debate in respect of the data employed, the procedures used and the techniques relied upon to arrive at the normative estimates of the receipts and expenditures in respect of each State. While we had projected a deficit of Rs. 7015.02 crores on Non-plan account for the 5 year period 1990-95 based on our assessment of revenues and expenditure, the N. F. C. has revised our estimates to show a surplus prior to devolution of Central Taxes and duties of Rs. 708.77 crores during the same five year period 1990-95. This

is the result of the Finance Commission not giving due credit for increases in emoluments of Government employees, rural electrification subsidy etc., and generally not providing for various services on the same scale and level as proposed by the state Government. This assessment has resulted in our State not being eligible to receive any Grant-in-aid whatsoever from the Government of India whether on Non-plan account or for financing the revenue component of the plan.

4. There are several aspects of the methodology and recommendations of the commission which can be questioned. However, I would like to refer to only a few very important ones here. The first relates to the procedure adopted by the Commission to provide for parity in pay-scales of State government Employees vis-a-vis those of the Central Government. While calculating the expenditure estimates, the Commission has taken into account the salary revisions only upto 1986-87. Thereafter the normative expenditures have been projected to the base year 1989-90 by applying the average historical growth for all states. As Hon'ble Members are aware, the State Government revised the pay-scales of its employees with effect from 1.7.1986 with monetary benefit given with effect from 1-1-1987 only. The impact of the revised pay scales was, therefore, for all practical purposes, not reflected in the actual expenditure figures of the year 1986-87. The substantial additional expenditure of Rs. 140 crores per year that had to be incurred by the State Government thus got submerged in the average growth rates of all states. Since the Finance Commission has taken 1-1-1989 as the reference date to work out differences in the pay scales of the Central and State Government only a nominal amount of Rs. 7.79 crores has been provided for parity in pay scales. This compares very unfavorably with the amounts provided in respect of other states like Tamil Nadu and Uttar Pradesh which revised their pay scales after 1-1-1989. Thus the methodology employed by the Commission had led to under estimation of the revenue expenditure needs of our state.

5. Another instance of questionable logic relates to the estimates made in respect of social security and Welfare. In respect of several categories of Social and Economic Services, revenue expenditures have been projected on the basis of statistical analysis. This includes items such as expenditure on education, Medical, Family Welfare and Public Health Services, Animal Husbandry etc. Even as regards Social security and Welfare, the Commission has made provision for Oldage Pensions on the basis of certain norms applied to the population of each State as per the 1981 Census. However, in the case of the special nutrition programme and Food subsidy in States like Andhra Pradesh, Gujarat, Kerala and Tamil Nadu, the expenditures as provided in the budget estimates for 89-

90 have been adopted by the Commission as the base and projected at the rate of 7% per annum.

Hon'ble Members are aware that our State has also been implementing a Food Subsidy scheme under which essential foodgrains are supplied at subsidised rates to all families below the poverty line at considerable expense. Since this scheme has been included as a plan scheme in the case of our State, no amount has been provided by the Commission on this account in its normative projections of non-plan expenditure. There does not appear to be any justifiable logic in the kind of discrimination that has taken place while treating similar expenditures being incurred by us and other State like Andhra Pradesh. This approach of the Commission has led to unequal treatment being given to different States, with Karnataka a distinct loser.

6. The third point relates to the recommendations of the Commission regarding minimum revenue plan expenditures of States for the period 1990-95 and the scheme of financing thereof. While determining the minimum revenue plan expenditure needs of each State for the period 1990-95, the Commission has estimated the per capita plan revenue expenditure of the States to range from a minimum of Rs. 325/- to a maximum of Rs. 425/-. The reason for choosing these specific figures has nowhere been given by the Commission nor can any reason be inferred from its report. These figures have a direct bearing on the amount of revenue plan expenditure assessed as being justified for each State. Not content with having used such figures, the Commission has concluded that 40% of the Non-plan surplus of each of the State having such surplus will only be available for financing the revenue plan expenditure of each state. How exactly this figure of 40% has been arrived at is not known. Hon'ble Members are aware that assistance from the Government of India to the States for financing their approved plans is being released for the past several years in accordance with the Gadgil Formula as approved by the National Development Council. The NFC has now introduced a new element in plan financing in as much as recommended that 50% of the deficit in the plan revenue account of each State, such deficit being defined as the difference between the minimum revenue plan expenditure as determined by the Commission and the sum of grants received by the State under the Gadgil Formula and 40% of the Non-plan revenue surplus of that State as explained above, will have to be met by grants under Article 275 of the Constitution. Government of India have also accepted the recommendations of the Commission in this regard adding the rider that these grants will be taken into account by the Planning Commission as a resource for financing the States' plans. This action of the Government of India has resulted in a

totally new element being introduced into the hitherto accepted scheme of Central assistance for State plans and amounts to giving up of the Gadgil Formula without the consent of the National Development Council.

7. The net impact of the recommendations has been that the share of our State in the total transfers recommended by the successive Finance Commissions which was 4.82% as per the 7th Finance Commission, 4.38% as per the 8th Finance Commission and 4.22% as per the first report of the 9th Finance Commission, has come to an all time low of 3.83% as per the recommendations of the 9th Finance Commission in its second report. The major area where our State has lost been in its share of Union Excise duties. While this share was 5.092% of the 40% of basic excise duties shareable amongst all States as per the first report of the Commission for 89-90, this has been reduced to 4.104% of the shareable amount of 45% of basic excise duties according to the second report of the Commission for 90-91. Based on budget estimates of Central Excise receipts for 1990-91, the loss, compared to what would have obtained had the percentages recommended by the Commission in its first report been maintained, works out to approximately Rs. 36 crores per annum. At the growth rate of 12.8 per cent per annum used by the Commission in projecting the revenue receipts of the Central Government, this loss works out to approximately Rs. 232 crores over a five year period.

8. Hon'ble Members will be glad to know that the Union Finance Minister, while participating in laying the foundation stone of the new building of the Karnataka State Financial Corporation in Bangalore, had conceded the fact that injustice has been done to the Karnataka by the recommendations of the 9th Finance Commission and had categorically assured us that he would try to compensate our State in some other manner. The State Government has already taken up this issue with the Government of India and expect that something concrete will emerge out of the Union Finance Minister's assurance.

ANNEXURE I

SUMMARY OF IMPORTANT RECOMMENDATIONS
AND OBSERVATIONS

Important recommendations and observations are set out below:

I INCOME TAX

(1) Out of net distributable proceeds, a sum equal to 1.437 per cent shall be deemed to represent the proceeds attributable to the Union Territories;

(2) Eight-five per cent of the divisible pool of Income Tax should be assigned to the States; and

(3) The distribution amongst the States inter se of the share assigned to the States in each financial year during 1990-95 should be on the basis of the percentages shown in table below:

States	Percentage Share	States	Percentage Share
1 Andhra Pradesh	8.208	14 Manipur	0.171
2 Arunachal Pradesh	0.073	15 Meghalaya	0.208
3 Assam	2.631	16 Mizoram	0.073
4 Bihar	12.418	17 Nagaland	0.096
5 Goa	0.110	18 Orissa	4.326
6 Gujarat	4.550	19 Punjab	1.706
7 Haryana	1.244	20 Rajasthan	4.836
8 Himachal Pradesh	0.595	21 Sikkim	0.030
9 Jammu and Kashmir	0.695	22 Tamil Nadu	7.931
10 Karnataka	4.928	23 Tripura	0.303
11 Kerala	3.729	24 Uttar Pradesh	16.787
12 Madhya Pradesh	8.185	25 West Bengal	7.976
13 Maharashtra	8.191	Total	100.000

II ADDITIONAL DUTIES OF EXCISE IN LIEU OF SALES TAX

The net proceeds of Additional Excise Duties on Textiles, sugar and tobacco should be distributed on the following basis:

(a) A sum equal to 1.903 percent of such net proceeds be retained by the Central Government as attributable to the Union Territories

(b) The balance should be distributed amongst the States in accordance with the percentages given below:

States	Percentage Share	States	Percentage Share
1 Andhra Pradesh	7.680	14 Manipur	0.213
2 Arunachal Pradesh	0.107	15 Meghalaya	0.190
3 Assam	2.743	16 Mizoram	0.068
4 Bihar	8.317	17 Nagaland	0.120
5 Goa	0.228	18 Orissa	3.486
6 Gujarat	5.905	19 Punjab	3.533
7 Haryana	2.317	20 Rajasthan	4.689
8 Himachal Pradesh	0.621	21 Sikkim	0.052
9 Jammu and Kashmir	0.929	22 Tamil Nadu	7.064
10 Karnataka	5.865	23 Tripura	0.278
11 Kerala	3.723	24 Uttar Pradesh	14.657
12 Madhya Pradesh	7.164	25 West Bengal	8.165
13 Maharashtra	11.886	Total	100.000

III GRANTS IN LIEU OF TAX ON RAILWAY PASSENGER FARES

(1) The annual quantum of the grant in lieu of the repealed Tax on Railway Passenger Fares should be fixed at Rs.150 crores in each of the years 1990-91 to 1994-95.

(2) The grant to be made available be distributed amongst the States as under:

States	Percentage Share	States	Percentage Share
1 Andhra Pradesh	7.484	11 Manipur	0.013
2 Arunachal Pradesh	0.008	15 Meghalaya	0.040
3 Assam	1.509	16 Mizoram	
4 Bihar	8.266	17 Nagaland	0.165
5 Goa	0.133	18 Orissa	1.614
6 Gujarat	5.717	19 Punjab	3.110
7 Haryana	1.637	20 Rajasthan	4.579
8 Himachal Pradesh	0.098	21 Sikkim	0.004
9 Jammu and Kashmir	0.520	22 Tamil Nadu	6.893
10 Karnataka	3.271	23 Tripura	0.042
11 Kerala	3.562	24 Uttar Pradesh	15.437
12 Madhya Pradesh	6.061	25 West Bengal	7.203
13 Maharashtra	22.634	Total	100.000

IV UNION DUTIES OF EXCISE

(1) The divisible pool of Union Duties of Excise should include the net proceeds of all Excise Duties including Special Excise Duties but excluding duties collected under the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978, and the Carmarked cesses

(2) The States' share in the net proceeds of shareable Union Excise Duties shall be 45 per cent.

(3) The percentage share of each State in the shareable Excise Duties in each of the years 1990-91 to 1994-95 should be as given below:

States	Percentage Share	States	Percentage Share
1 Andhra Pradesh	7.170	14 Manipur	1.174
2 Arunachal Pradesh	0.897	15 Meghalaya	0.891
3 Assam	3.810	16 Mizoram	1.109
4 Bihar	11.028	17 Nagaland	1.348
5 Goa	0.523	18 Orissa	5.358
6 Gujarat	3.183	19 Punjab	1.362
7 Haryana	1.099	20 Rajasthan	5.524
8 Himachal Pradesh	1.943	21 Sikkim	0.260
9 Jammu and Kashmir	3.548	22 Tamil Nadu	6.379
10 Karnataka	4.104	23 Tripura	1.556
11 Kerala	3.087	24 Uttar Pradesh	15.638
12 Madhya Pradesh	7.224	25 West Bengal	6.600
13 Maharashtra	5.185	Total	100.000

V FINANCING OF RELIEF EXPENDITURE

(1) The existing arrangements for financing relief expenditure should be replaced by a new one under which the States will have much greater autonomy and accountability.

(2) A Calamity Relief Fund should be constituted for each State with the following amount in each year.

States		(Rs Crores) Amount	States		(Rs Crores) Amount
1	Andhra Pradesh	86	14	Manipur	1
2	Arunachal Pradesh	2	15	Meghalaya	2
3	Assam	30	16	Mizoram	1
4	Bihar	35	17	Nagaland	1
5	Goa	1	18	Orissa	47
6	Gujarat	85	19	Punjab	28
7	Haryana	17	20	Rajasthan	124
8	Himachal Pradesh	18	21	Sikkim	3
9	Jammu and Kashmir	12	22	Tamil Nadu	39
10	Karnataka	27	23	Tripura	3
11	Kerala	31	24	Uttar Pradesh	90
12	Madhya Pradesh	37	25	West Bengal	40
13	Maharashtra	44	Total		804

(3) Government of India shall contribute to the Calamity Relief Fund of each State to the extent of 75 per cent in the form of non-Plan grant. The balance 25 per cent shall be contributed by each State out of its own resources. The contribution to the Fund will be made by Governments in quarterly instalments.

(4) The Relief Fund would have existence outside the general revenues of the State and will be deposited in a nationalised bank.

(5) A State-level Committee headed by the Chief Secretary of the State and consisting of officials connected with the relief work and other experts shall be constituted by the State Government to administer the Calamity Relief Fund. The Committee will decide all matters connected with the financing of the relief expenditure including variations in the norms of assistance.

(6) The yearly accretion to the Fund together with the interest accruing there on would be used to meet all expenditure on calamities. No further Central assistance would be made available for the purpose. However, if in a particular year the money required is more than the balance available in the Fund, the State may draw 25 per cent of the Centre's contribution due to it in the following year.

in advance. (The Central Government may, at its discretion, allow higher percentage of advance also).

(7) The balance left in the Fund unspent at the end of fifth year (i.e. 1994-95) will be available for being used as a Plan resource.

(8) All calamities such as drought, flood, cyclone and fire which qualified for relief assistance in the past will continue to be covered in the present scheme. The distinction between drought and other calamities like flood, cyclone etc. will be dispensed with.

(9) The Centre should constitute an Expert Group to monitor relief work done in States utilising the Calamity Relief Fund and also to give such advice as it deems appropriate to the State agencies involved in relief work.

(10) The Centre should contribute 75 per cent of the relief expenditure (over and above its contribution to the Calamity Relief fund) of Rs. 163 crores on relief and rehabilitation of gas victims in Bhopal, during 1990-95 by way of non-plan grant. The balance 25 percent will be borne by the Government of Madhya Pradesh.

VI. GRANTS-IN-AID

(1) To cover the net five-year (1990-95) deficits on non-Plan revenue account and part of the deficits on plan revenue account, the following States be paid the sums specified against each of them as grants-in-aid of their revenues in the respective years indicated in the table below, under the substantive part of Clause (1) of Article 275 of the Constitution :

States	Total	1990-91	1991-92	1992-93	19 3-9	1994-95
		1990-95	1990-91	1991-92	1992-93	1994-95
1. Andhra Pradesh	341.25	46.07	54.60	65.64	78.49	95.55
2. Arunachal Pradesh	302.79	57.65	59.45	60.76	61.48	63.45
3. Assam	874.23	205.61	179.68	132.87	161.42	154.65
4. Bihar	1374.27	185.53	219.88	267.98	316.08	384.80
5. Goa	166.58	33.66	33.31	33.06	32.88	33.67
6. Himachal Pradesh	523.09	113.75	109.67	104.50	98.32	96.85
7. Jammu & Kashmir	1096.42	210.90	213.60	224.35	220.87	226.61
8. Kerala	412.54	55.69	66.01	80.45	94.88	115.51
9. Madhya Pradesh	1047.81	141.45	167.65	204.32	241.00	293.3
10. Manipur	371.65	74.92	74.90	74.40	73.32	74.1
11. Meghalaya	256.18	58.88	50.32	51.27	48.54	47.17
12. Mizoram	379.79	74.75	76.22	76.16	76.43	76.23
13. Nagaland	458.67	92.26	92.48	93.88	90.54	89.51
14. Orissa	1082.98	146.20	173.28	211.18	249.09	303.23
15. Punjab	53.91	7.28	8.63	10.5	12.40	15.04
16. Rajasthan	1446.79	195.32	231.40	282.12	332.76	405.10
17. Sikkim	84.68	17.59	17.37	17.03	16.50	16.19
18. Tamil Nadu	43.79	5.91	7.01	8.54	10.07	12.26
19. Tripura	466.01	101.19	101.27	96.52	87.25	79.78
20. Uttar Pradesh	3235.10	436.74	517.62	630.84	744.07	905.83
21. West Bengal	998.65	134.82	159.78	194.74	229.69	279.62
Total	15017.18	2596.26	2614.22	2962.02	3276.08	3768.60

(2) The following grants-in-aid may be paid to States in each of the five years commencing from 1st April, 1990, under the sub-stative portion of Clause(1) of Article 275 of the Constitution, towards the Centre's contribution to the Calamity Relief Fund.

States	(Rs. Crore)	States	(Rs. Crore)
	Amount of Grant		Amount of Grant
1. Andhra Pradesh	64.50	14. Manipur	0.75
2. Arunachal Pradesh	1.50	15. Meghalaya	1.50
3. Assam	22.50	16. Mizoram	0.75
4. Bihar	26.25	17. Nagaland	0.75
5. Goa	1.75	18. Orissa	35.25
6. Gujarat	63.75	19. Punjab	21.00
7. Haryana	12.75	20. Rajasthan	93.00
8. Himachal Pradesh	13.50	21. Sikkim	2.25
9. Jammu and Kashmir	9.00	22. Tamil Nadu	29.25
10. Karnataka	20.25	23. Tripura	2.25
11. Kerala	23.25	24. Uttar Pradesh	67.50
12. Madhya Pradesh	27.75	25. West Bengal	30.00
13. Maharashtra	33.00	Total	603.00

(3) An amount of Rs 122.25 crore be paid to Madhya Pradesh by way of grants-in-aid of revenue in five equal instalments commencing from 1st April, 1990, under the substantive portion of Clause (1) of Article 275 of the Constitution, towards the expenditure on rehabilitation and relief of victims of Bhopal Gas Leak Tragedy.

(4) The present level of provision for Centrally Sponsored schemes is too high and efforts should be made to reduce gradually the proportion of this type of expenditure and add the savings to the amount of Central assistance for State and Union Territory Plans.

VII. MERGER OF ADDITIONAL DUTIES OF EXCISE WITH BASIC DUTIES OF EXCISE

(1) The merger of Additional Duties of Excise with Basic Duties of Excise is not recommended, having regard to serious objection raised by almost all the major States to this proposal. At the tax rental arrangement was brought into being with the consent of the States any major modification in the arrangements should also be brought about only with the consent of all the parties.

(2) During the report period, if in any year the advalorem incidence of Additional Excise Duties falls short of the level of 10.8 percent of the value of clearances, the short-fall should be

made good by Government of India by providing equivalent amount by way of grant in aid to be distributed in the same manner as worked out for sharing the proceeds of Additional Duties of Excise.

VIII. DEBT RELIEF

(1) The formula of 70:30 for the apportionment of the Plan assistance in the case of non-Special Category States may be continued. But the loan component so worked out may be contributed from two sources—an amount equal to the grant portion may come in the form of Central loan and the balance may be made available by way of additional market borrowings.

(2) The Reserve Bank of India may work out a formula for amortisation of State's market borrowings.

From 1990-91, the direct Central loans for State Plans should have a maturity period of 20 years with 50 percent of the loans enjoying grace period of 5 years.

(4) There should be no change in the terms and conditions relating to the Central loans against the small savings collections.

(5) The entire external assistance received for externally-aided projects should, in all cases, be passed on to the States implementing those projects. No part of funds received exclusively for such projects should be withheld by the Centre.

(6) The loan and grant portion of the World Bank assistance to be passed on to States should also be in the ratio of 70:30 as in the case of general Plan assistance. However, while the loan portion should carry the same rate of interest as applicable to other Plan loans, the repayment period should be the same as applicable to the assistance received from the Bank.

(7) The entire amount of IDA assistance shall be passed on to States as loans carrying a rate of interest of 6 percent per annum and repayment period of 30 years including a grace period of 5 years.

(8) The States with unduly low share in assistance for externally aided projects should be allocated a larger share of the 10 percent of the Plan assistance reserved for 'Special problems' under the modified Gadgil formula.

(9) The Central loans obtained on Plan account by each of the three newly constituted States of Arunachal Pradesh, Goa and Mizoram, upto 1986-87 as Union Territories (as outstanding on 31st March 1990), in excess of what it would have received during that period by way of loan on the basis of the 90.10 or 30.70 formula applicable to States, should be written off.

(10) The loans given to States on account of drought during 1986-89 as outstanding on 31st March, 1989 shall be written off.

(11) The loans of Rs. 91.62 crore given to Madhya Pradesh during 1984-89 in connection with the Bhopal Gas Leak Tragedy shall be written off and repayment or payment on account thereof made already by the State Government by way of principal and interest shall be adjusted against other payments due from the State Government.

(12) Amortisation of 2 years (1990-92) on repayment of principal and payment of interest should be granted in respect of the special loans given to Punjab during 1984-89. Meanwhile, the Central Government should work out a suitable package of relief measures for the State.

(13) The State Plan loans advanced to States during the 5 years 1984-89 and outstanding as on 31st March, 1990 should be consolidated and rescheduled to 15 years in the case of all the States. During the first 5 years 1990-95, repayments should be less than due on existing basis to the extent of 10 percent in the case of Andhra Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Tamil Nadu, Goa and Special Category States, 7.5 percent in the case of Gujarat, Rajasthan and Uttar Pradesh and 5 percent in the case of Bihar, Haryana, Kerala, Punjab and West Bengal.

IX. CONCLUDING OBSERVATIONS

(1) In the interregnum between two Finance Commissions, the present Finance Commission Division should be entrusted with studies and projects on different topics relevant to the work of the Finance Commission. For this purpose, the Division should be substantially strengthened.

(2) An advisory Committee should be constituted to guide the Finance Commission Division in its work and functions.

(3) With a view to treat Central and State Government in a similar way with regard to fiscal discipline, a convention should be developed limiting the extent of deficit financing by the Central Government, in any given year, to an amount determined in advance in consultation with the Reserve Bank of India. If under certain extraordinary circumstances the agreed upon limits are to be exceeded, the matter should be discussed in Parliament and its approval obtained.

(4) Specific steps should be taken to bring down the rate of growth of revenue in the immediate future. The policy regarding major subsidies should be reviewed.

(5) Measures should be taken to slow down the growth of public debt. Funds for investment in public enterprises other than those in the Key infrastructure sectors like the Railways, should, to the extent possible, be obtained from outside the budget.

(6) A way may be found to cut out loans, grants and subsidies to the public enterprises which are continually making losses and which according to reasonable expectations, cannot be revived and turned around.

ANNEXURE II

GOVERNMENT OF INDIA MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

Explanatory Memorandum as to the action taken on the Recommendations made by the ninth Finance Commission in its Second Report Submitted to the President on 18th December, 1989.

The Second Report of the ninth Finance Commission covering the five years period commencing from the 1st of April, 1990 together with the Explanatory Memorandum on the action taken on the recommendations of the Commission is being laid on the table of the House, in pursuance of Article 281 of the Constitution. A summary of the Commission's main recommendation relating to devolution of taxes and duties to the States, grants-in-aid under Article 275 of the Constitution, financing of relief expenditure and debt relief to the States and other matters, is appended to this memorandum.

2 A-Shares of Central Taxes and duties

For the period of five years commencing from the 1st of April, 1990, recommendations contained in the Second Report of the Finance Commission relating to sharing of Income-tax, Union Duties of excise additional excise duties in lieu of State's sales tax, have been accepted. The recommendation of the Commission relating to grants in lieu of the replaced tax on railway passenger fares has also been accepted by Government.

3. B—Grants-In-Aid of the Revenues of States Under the Substantive Provision of articles 275 of the Constitution

(i) Grants-in-aid to cover non-Plan gap on Revenue Account:

The Government have accepted the recommendations contained in the Second Report of the Commission for payment of grants-in-aid of the revenues of certain States under the substantive provision of Article 275 (1) of the Constitution towards meeting their non-Plan revenue gap as assessed by the Commission for the five years 1990-95.

(ii) Grants-in-aid to cover part of deficits on Plan Revenue Account.

The Government have accepted the recommendations of the Commission for the payment of grants-in-aid to certain States to cover a part of the deficit of such State Government on plan account for five years commencing from the 1st of April, 1990. These grants will be taken into account by the Planning Commission as a resource for financing the States' Plans.

4. C-Recommendations on other terms of references

(i) Financing of Relief Expenditure: The Government have accepted, in principle, the recommendation of the commission relating to financing of relief expenditure and setting up of a calamity Relief Fund in each of the States. The arrangements for the custody and operation of the Fund will be separately worked out in consultation with the Comptroller & Auditor General of India and the Reserve Bank of India.

The recommendation of the Commission on grants to the Madhya Pradesh Government for the Bhopal Gas Leak disaster will be considered as a part of the general scheme for providing interim compensation to gas leak victims.

(ii) Debt Relief: The Government have accepted the recommendations of the Commission in regard rescheduling/write off of certain loans outstanding against State Governments and elongation of the maturity period of future Central loan for State Plans from 15 years to 20 years with 50 percent loans enjoying grace period of 5 years have been accepted. The other recommendations on debt relief requiring indepth examination will be considered in due course.

4

D-Note of dissent

The Report of the Commission has appended to it a Note of Dissent on certain recommendations. The Government have carefully considered note and decided to accept the recommends of the majority as indicated in paras 2.3 and 4 above

6.

E-Implementation

The Commission's recommendations fall in three categories :

- (i) Those to be implemented by an Order of the President
- (ii) Those to be implemented by Law of Parliament
- (iii) Those to be implemented by executive orders.

The recommendations under Article 270 and 275 (1) of the Constitution relating to income tax and grants-in-aid respectively fall in the first category and the necessary order will be submitted to the President for approval. Recommendations relating to

distribution of Union Excise duties including Additional Duties of Excise in lieu of sales tax (Under Article 272 of the Constitution fall in the second category. Necessary legislation will be promoted for implementing them. The recommendations relating to distribution of grants to States in lieu of tax on railway passenger fares and rescheduling of Central Loans will be implemented by executive order.

7. The Commission has made certain other recommendations in the Report. These do not require any immediate action and will be considered in due course.

(SRI B. SWAMY RAO in the Chair)

ಶ್ರೀ ಎಂ. ಮಲ್ಲಿಕಾರ್ಜುನ ವಿಠ್ಠಲ.—ಬಂದು ಕ್ಲಾರಿಫಿಕೇಷನ್ ಕೇಳಬಹುದೇ. ಈ ಬಿ.ಎ. ಕೋಟಿ ರೂಪಾಯಿ 31 ವರ್ಷದಲ್ಲಿ ಡಿಫಿಸಿಟ್ ಆಗುತ್ತದೆ. ರಿಸೆಂಟ್ ಆಗಿ ಶ್ರೀ ಮುಧಾದಂಡವತೆಯವರು ಬಂದಾಗ, in some other form compensate ಮಾಡುತ್ತೇವೆಂದು ಹೇಳಿದರು. whether in the form of grant or he is going to restore the share amount which you have categorically stated his been reduced from 4.822% to 3.83% ಇದನ್ನು ರೆಸ್ಟೋರ್ ಮಾಡುತ್ತೀರಾ ಅಥವಾ ಗ್ರಾಂಟ್ ಎಂದು ಕೊಡುತ್ತೀರಾ ?

SRI M. RAJASHEKARA MURTHY.—When once the recommendations have been accepted, it cannot be revised. They may think some other method of compensating. The matter is being taken up with the Government of India.

ನಿಯಮಾ ಖಚಿತ ರ ವೇರೆಗೆ

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| ೧) ಕೆ. ಎಸ್. ಈಶ್ವರಪ್ಪ | ಮಾನ್ಯ ಸದಸ್ಯರು ಹಾಜರಿರಲಿಲ್ಲ. |
| ೨) ಗೋಪಿನಾಥ ಆರ್ ಸಾಂದ್ರ | |
| ೩) ವಾಟಾಳ್ ನಾಗರಾಜ್ | |

ಮಂಗಳೂರಿನ ಹಳೆ ಬಂದರಿನ ಅಳಿವೆ ಬಾಗಿಲಲ್ಲಿ ಹೂಳಿತ್ತುವ ಬಗ್ಗೆ.

ಶ್ರೀ ಬಿ. ಎ. ಇದಿನಬ್ಬ (ಉಳ್ಳಾಲ).—ಮಾನ್ಯ ಅಧ್ಯಕ್ಷರೇ, ಮಂಗಳೂರಿನ ಹಳೆ ಬಂದರಿನ ಅಳಿವೆ ಬಾಗಿಲಲ್ಲಿ ಹೂಳಿತ್ತುವ ಅನೇಕ ವರ್ಷಗಳಿಂದ ಕೇಳುತ್ತಾ ಬರಲಾಗಿದೆ. ಕಳೆದ ನಾಲ್ಕೈದು ವರ್ಷಗಳಿಂದ ಹೂಳಿತ್ತುವ ಇದ್ದುದರಿಂದ, ಅನೇಕ ಜೀವಹಾನಿ ಬೀಟುಗಳು ಮುಳಗಿದ್ದು, ಹೀಗೆ ಆಪಾರ ಹಾನಿಯಾಗಿರುತ್ತದೆ. ಈ ವಿಚಾರದಲ್ಲಿ ಕಟ್ಟಕಡೆಗೆ ಕಳೆದ ವರ್ಷದ ಅಡಿಯಲ್ಲಿ ಮೋಗವೀರರು ಮೀನುಗಾರರು ೧೦ ದಿವಸಗಳ ಧರಣಿ ಕೂಡ ಮಾಡಿದ್ದರು. ಇದೀಗ ಇನ್ನೂ ಹೂಳಿತ್ತುವ ಕಾರ್ಯ ಪ್ರಾರಂಭವಾಗಿಲ್ಲ. ಮೀನುಗಾರರು ಕಂಗಾಲಾಗಿರುತ್ತಾರೆ. ಹೊಸ ಡ್ರೆಜರು ಬಂದಿದೆಯೇ, ಹೂಳಿತ್ತುವ ಕಾರ್ಯ ಶೀಘ್ರ ಮಾಡಿ ಮಂಗಳೂರಿನಿಂದ ಬಹು ವರ್ಷಗಳ ಈ ನ್ಯಾಯಯುತ ಕೆಲಸ ಯನ್ನು ಪೂರೈಸಿ, ಮೀನುಗಾರರ ಹಾಹಾಕಾರವನ್ನು ನೀಗಿಸುವುದು ಅತೀ ಅಗತ್ಯವಾಗಿರುತ್ತದೆ. ಅಲ್ಲದೆ ಅಲ್ಲಿ ಬ್ರೇಕ್ ವಾಟರ್ ಮಾಡುವಂತಹ ವಿಚಾರ ಬಹಳ ವರ್ಷಗಳ ಹಿಂದೆ ಹೇಳಿದೆ, ಆ ವಿಚಾರ ಎನಾಗಿದೆ ಅದು ಪ್ರಾರಂಭವಾಗಿರುತ್ತದೆಯೋ ಈ ಕುರಿತು ಮಾನ್ಯ ಮೀನುಗಾರಿಕಾ ಸಚಿವರ ಗಮನ ವನ್ನು ಸೆಳೆಯುತ್ತೇನೆ.

ಶ್ರೀ ಟಿ. ಎನ್. ನರಸಿಂಹಮೂರ್ತಿ (ಬಾದರು, ಮೀನುಗಾರಿಕೆ, ಪಸಿತಿ ಮತ್ತು ನಗರಾಭಿವೃದ್ಧಿ ಸಚಿವರು).—ಸನ್ಮಾನ್ಯ ಸ್ಪಾಡ್ಹಕ್ಟರೇ, ಮಾನ್ಯ ಸದಸ್ಯರಾದ ಬಿ. ಎಂ. ಇದಿನಬ್ಬರವರು ಪ್ರಸ್ತಾಪಿಸಿರುವ ಅಥವಾ ಸರ್ಕಾರದ ಗಮನ ಸೆಳೆದಿರುವ ಪ್ರಶ್ನೆಗೆ ಸರ್ಕಾರದ ಉತ್ತರ ಈ ರೀತಿ ಇದೆ.